



# Commonwealth of Virginia

**Walter J. Kucharski, Auditor**

**Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218**

January 22, 2004

The Honorable Samuel H. Cooper, Jr.  
Clerk of the Circuit Court  
County of Accomack

Board  
County of Accomack

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Accomack for the period April 1, 2002 through June 30, 2003.

Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial management system; evaluate the Court's internal controls; and test its compliance with significant state laws, regulations, and policies. However, our audit was more limited than would be necessary to provide assurance on the internal controls or on overall compliance with applicable laws, regulations, and policies.

The results of our tests found the Court properly stated, in all material respects, the amounts recorded and reported in the financial management system. However, we noted weaknesses in internal controls and noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

## Escheat Unclaimed Property

As noted in previous audit reports, the Clerk has not escheated more than \$95,000 in unclaimed criminal and civil bonds to the Commonwealth as required by Section 55.210.12 of the Code of Virginia. In addition, the Clerk could incur a possible personal liability for any penalty and interest for failing to send eligible property to the Division of Unclaimed Property.

Given the potential liability for interest and penalty for failing to comply with the above provisions of the Code of Virginia, the Clerk should immediately send these unclaimed liabilities to the Treasurer of Virginia. We have contacted the Virginia Treasurer Office's Division of Unclaimed Property and notified them of the funds held by the Clerk. We understand that this Division will contact the Clerk and assist him in escheating the funds.

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#### Send All Clerk's Fees to the State

The Clerk has improperly transferred more than \$17,500 in copy fees to the locality. All fees and commission income generated in the clerk's office, except fees received for performance of services unrelated to office, are subject to the reporting and distribution requirements of the Code of Virginia, Sections 17.1-283(A) and 17.1-285(A) respectively. Further, in December 1998 the Attorney General determined that clerks have no authority to submit fee and commission revenue generated to their local governments. The Clerk must recover the overpaid funds from the locality and immediately submit them to the Commonwealth. Failure to do so would result in the Clerk being personally liable for any improper transfers to the locality.

We also recommend that the Clerk establish on his accounting system an accounts receivable for this money due from the County as well as a liability for the amount due the Commonwealth. Lastly, we recommend that he file an amended fee report for the amount due the Commonwealth with the State Compensation Board.

#### Properly Reconcile Bank Account

The Clerk does not properly perform reconciliations, nor does he resolve differences or reconciling items. Of the 18 months reviewed, the Clerk failed to reconcile the bank account monthly three times, delayed reconciling the bank account in eight months, and failed to resolve reconciling differences ranging from \$321 to \$177,000 in five months. As of the audit date, the checking account remains un-reconciled with a difference in excess of \$3,000. Failure to properly identify and correct differences found between the bank account, the court's financial system, and the checkbook could result in errors or irregularities going undetected.

#### Improve Trust Fund Reporting and Management

The Clerk failed to file an Annual Report of Trust Funds for fiscal years 2002 and 2003. Section 8.01-600 of the Code of Virginia requires all clerks to report the status of all trust fund monies held for beneficiaries on an annual basis. Additionally, the court's automated accounting records did not accurately reflect fund classifications, bank status, expected disbursement dates and current earned interest. We noted delays of up to nine months in the posting of quarterly earned interest. Failure to include all required information could result in inaccurate reporting of monies held by the Court.

The Clerk should review all trust fund accounts to ensure all pertinent information is provided, the accounts are properly identified with regards to their investment, all earned interest is posted in a timely manner and all system balances agree to quarterly bank statements. Finally, the Clerk must file the Annual Report by October 1 of each year as required.

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We discussed these comments with the Clerk on January 22, 2004 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:cam

cc: The Honorable Glen A. Tyler, Chief Judge  
R. Keith Bull, County Administrator  
Bruce Haynes, Executive Secretary  
Compensation Board  
Paul Delosh, Technical Assistance  
Supreme Court of Virginia  
Martin Watts, Court Analyst  
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